

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DRC-01 FEA-02 /097 W

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P 130910Z SEP 74

FM AMEMBASSY JAKARTA

TO AMEMBASSY SINGAPORE PRIORITY

INFO SECSTATE WASHDC PRIORITY 4412

C O N F I D E N T I A L JAKARTA 11406

E.O. 11652: GDS

TAGS: EFIN ID

SUBJ: ENERGY: POSSIBLE PERTAMINA LOAN DEFAULT

REF: SINGAPORE 3731

1. ON RECEIPT REFTEL, EMBOFF CALLED JAKARTA CHASE BANK PETROLEUM OFFICER FOR BACKGROUND CHASE SINGAPORE INQUIRY. CHASE REP SAID THAT FOLLOWING CALL ON SEPT 12 FROM CHASE OFFICER (BERRY) SINGAPORE CONCERNING RUMORED DEFAULT, HE MET WITH PERTAMINA FX ACCOUNT OFFICER WHO ADMITTED PERTAMINA WAS HAVING DIFFICULTY ROLLING-OVER LARGE SHORT-TERM DEBT BUT SAID PERTAMINA HAD NOT DEFAULTED ON LOAN. PERTAMINA REP SAID PERTAMINA RECENTLY PAID OFF \$67 MILLION, LEAVING APPROXIMATELY \$400 MILLION SHORT-TERM LOANS ON BOOKS. CHASE REP SAID PERTAMINA, LIKE OTHER COMPANIES WITH LARGE CAPITAL REQUIREMENTS, WAS NOW EXPERIENCING DIFFICULTIES IN OBTAINING FUNDS DUE TO WORLDWIDE MONETARY UNCERTAINTY AND GENERAL UNEASINESS IN FINANCIAL COMMUNITY. HE MENTIONED THAT PERTAMINA, IN ADDITION TO SHORT-TERM DEBT REQUIREMENT, WAS NOW FACED WITH LARGE (ABOUT \$410 MILLION) TAX PAYMENT TO GOI AT TIME WHEN OIL DELIVERIES TO JAPAN WERE SLOWING DOWN BECAUSE STORAGE TANKS ARE FULL.

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LOCAL CHASE REP SAID BERRY PLANNED TO CALL SINGER

FRIEDLANDER (LONDON) TO CLARIFY RUMORED DEFAULT.

2. EMBOFF ALSO SPOKE WITH JAKARTA FNCB PERTAMINA ACCOUNT OFFICER WHO SAID: 1) GENERAL FINANCIAL SITUATION "LOOKED BLEAK"; 2) HE HAD HEARD NUMEROUS RUMORS; BUT 3) HE WAS NOT AWARE OF ANY DEFAULTS BY PERTAMINA. HE ALSO CITED (A) PERTAMINA'S UPCOMING TAX PAYMENT TO GOI, AND (B) ROLL-OVER REQUIREMENT AT TIME WHEN GOI-PERTAMINA EXPENDING LARGE SUMS FOR KRAKATAU STEEL PROJECT AS COMPLICATING FACTORS.

3. EMBOFF DID NOT TALK WITH PERTAMINA OFFICIALS SINCE KEY PERTAMINA FINANCIAL CONTACT IS NOW OUT OF COUNTRY. BASED ON AVAILABLE INFORMATION, IT APPEARS PERTAMINA IS CAUGHT IN TEMPORARY BIND RESULTING FROM WORLDWIDE "LIQUIDITY" CRISIS AND ITS LARGE SHORT-TERM CAPITAL REQUIREMENTS AT LEAST PARTIALLY INFLUENCED BY PREVIOUS GOI-IMF STANDBY RESTRICTIONS ON MEDIUM TERM DEBT. PICTURE SHOULD BECOME CLEAR BY END OF MONTH. MEANWHILE, WE RECOMMEND THAT EMBOFFS AND DEPTOFFS USE MAXIMUM DISCRETION IN DISCUSSING SUBJECT.
NEWSOM

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